DR. U. VENKATESWARLU: Our hon. Prime Minister has promised that he will bring it in this session.

ORAL ANSWERS TO QUESTIONS

Liberalised Gold Import Policy for NRIs

*221. SHRI SOLIPETA[†] RAMACHANDRA REDDY:
DR. Y. LAKSHMI PRASAD:

Will the Minister of FINANCE be pleased to state

(a) the liberalised gold import policy for NRIs and under baggage rules for those travelling abroad; and

(b) how the exporters will be helped in importing gold for their business?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) As per the liberalised gold import policy introduced since March, 1992, as amended, Non-Resident Indians who have stayed abroad for not less than 6 months are eligible to import gold up to 10 kgs. per person on payment of duty in foreign exchange @220/- per 10 gms.

(b) To help exporters for importing gold for their business, Government has provided a number of export promotion schemes whereunder gold is permitted to be imported free of duty for subsequent manufacture of jewellary and re-export. For this purpose, exporters have been given the choice of importing gold, free of duty, either by themselves or to obtain such gold through designated agencies.

SHRI SOLIPETA RAMACHANDRA REDDY: In an effort to curb gold smuggling, the Government liberalised the Gold Import Policy. NRIs can now bring 10 kgs of gold. I want to know from the hon. Minister, why there are different rules for the import of gold (i) for those who have stayed abroad for more than six months; (ii) for those travelling abroad; (iii) for those engaged in gold jewellery trade. What are the reasons for such different rules when the purpose is to curb smuggling of gold? Part 'b' of my question is: During 1990—95, our share in global gold demand averaged 402 tonnes, that is, 16.4 per cent which includes illegal imports into India. This should be viewed against our share of 0.6 per cent in world trade. On the other hand, India exported about 23 tonnes in 1995 accounting for a negligible share in the world trade. I want to know from the hon. Minister what further steps are being taken to boost the export of gold jewellery.

SHRI P. CHIDAMBARAM: These rules are different because they are related to different categories of people who bring in gold. For NRIs who have stayed abroad for not less than six months, we have recently liberalised the quantity from five kilograms to ten kilograms per person. Those who have lived abroad for over one year, are allowed to bring gold under the baggage rules. A male passenger is allowed to bring jewellery up to Rs. 10,000 and a female passenger is allowed to bring jewellery up to Rs. 20,000. Exporters fall in an entirely different category. Exporters import gold for the purpose of business. Therefore, there is no restriction, except that they have to undertake an obligation to manufacture jewellery and re-export it. I do not think we can have uniform rules for all the categories because different objectives are sought to be served. The gold jewellery business is growing in India. It is not a question of mere import of gold. It is not a question of design. It is a question of our ability to deliver. It is a question of our ability to meet the requirements of market. We have allowed import of gold by genuine exporters. We have export promotion schemes where gold is permitted to be imported free of duty. We also have a number of units in the export processing zones where a large number of incentives are given to gold jewellery manufacturers in terms of

[†]The Question was actually asked on the floor of the House by Shri Solipeta Ramachandra Reddy.

export. If hon. Member wishes to know what further changes are likely to come about in the export policy relating to gold jewellery, I would request him to wait until the first of April when the new exim policy is likely to be announced.

SHRI SOLIPETA RAMACHANDRA REDDY: Gold traders are of the opinion that hawala operators are also using the NRI gold import scheme. With the help of this scheme, money can be brought into the country without any restriction and to their advantage. I want to know from the hon. Minister, how the Government proposes to stop money laundering and hawala opertions.

SHRI P. CHIDAMBARAM: I cannot deny that hawala operators also use the gold import route.

We liberalised the quantity of gold that can be brought by the returning NRIs with effect from 1st of January, 1997, in response to a view expressed in this House that it should be so liberalised. I believe, the results are there for all to see. I am told that in January itself, the quantity of gold that came through the legitimate channel increased sharply. It means, smuggling must be under control and the hawala financed part of gold import also must be under control. The only way in which we can wipe out hawala financed gold import and smuggling is to progressively liberalise the import of gold through legitimate means.

डा० वाई० लक्ष्मी प्रसाद: सर, मंत्री जी ने जो उत्तर दिया है उससे मैं संतुष्ट हूं। मंत्री जी ने एक अप्रैल तक ठहरने के लिए कहा है। इसलिए मैं उनको धन्यवाद देता हूं और मैं उनसे कोई सप्लीमेंट्री क्वेश्चन नहीं पूछना चाहता हूं।

SHRI JOHN F. FERNANDES: Sir, Q. No. 226 is similar to question no. 221.

SHRI ASHOK MITRA: Mr. Vice-Chairman, Sir, there has to be a minimum reciprocity in the affairs of men. The previous Finance Minister is going on record disapproving many of the things which the current Finance Minister is doing. And I thought that the present Finance Minister, the least he could do, is to oppose some of the things which the previous Finance Minister had done. And this is one of the things which I have very much in mind *i.e.* liberalising the import of gold. What the Finance Minister has just stated makes the whole position clear that with the liberalisation of gold, the hawala operations have spurted and they will continue to spurt. All right, I say that has spurted because the more I indulge in Hawala operations, the more I send singnals overseas, the more gold comes in. So this is made easy. Hawala operation is made easy through liberalising gold import and I do not understand the logic of what is in his mind. Yes, that has been done by the previous Finance Minister, and you have to blindly support it.

THE VICE-CHAIRMAN (SHRI AJIT P. K. JOGI): Please put your question.

SHRI ASHOK MITRA: So I would ask, would he take into consideration the fact that this entire policy of gold import is a *benami* operation on behalf of the hawala operators? Would he kindly do something about it?

SHRI P. CHIDAMBARAM: I am sorry, Sir, I would have to respectfully decline to consider this suggestion.

SHRI R. K. KUMAR: Sir, the point which he has explained is very simple. Exactly, what happens in Madras is, it is not the genuine passengers who bring gold. There are groups and gangs in Madras who catch holo of workers in Middle-East who have stayed there for six months, they arrange money, they bring gold through them they take over the passports of these workers, they buy dollars in Burma Bazaar and pay duty and clear the gold and silver. This is happening. I would like to know whether the Government is aware of what is happening in Madras, if so, what action will they take about it?

SHRI P. CHIDAMBARAM: Sir, I have explained earlier that there is a great deal of demand for gold in India. If

this demand is not met through legitimate channels, it will only encourage smuggling. I believe the policy of liberalising import of gold through legitimate channels is a correct policy. It has curbed smuggling, it has not wiped out smuggling. It has given an opportunity for Indians who reside abroad for six months or one year to bring on part of their savings in the form of gold. It is true that there will be some misuse of any scheme and I am willing to concede Mr. Kumar's point that there could be a few cases where the scheme is misused. We will address ourselves to that misuse. But if you scrap the scheme, I have no doubt in my mind, we will go back to the days of rampant gold smuggling and we surely do not want to go back to the days of rampant gold smuggling. We must meet the demand for gold in India through legitimate import of gold. Gold is not like narcotics, gold is not like drugs, gold is not *res extra commercium.* I think this antipathy to gold is reflected only in a few people. The people of India do not have any antipathy to gold.

SHRI R. K. KUMAR: I am not for scrapping of gold import.

THE VICE-CHAIRMAN (SHRI AJIT P. K. JOGI): He has given a very satisfying answer. Please sit down.

SHRI JOHN F. FERNANDES: This policy is very commendable. This policy has become a great success and the smuggling of gold has been checked. But the problem now is that you have the cellular phones and the people, the NRIs who bring in gold are robbed because they make use of cellular phones. I do not know who passes on the information. It is only possible with the connivance of the customs officials.

I would like to know from the hon. Finance Minister whether he will provide safe deposit vaults in the banks located within the customs premises. I think he has banks within the customs premises. I would like to know whether he will provide in them safe deposit vaults so that when an NRI comes, he can deposit his gold in the banks within the customs premises and take it away whenever it is convenient to him.

SHRI P. CHIDAMBARAM: Sir, it is a very good suggestion and I will consider it.

THE VICE-CHAIRMAN (SHRI AJIT P. K. JOGI): Now, Question No. 222.

Sick/Weak units in IRBI Portfolio

*222. SHRI NILOTPAL BASU:† SHRI DIPANKAR MUKHERJEE:

Will the Minister of FINANCE be pleased to state:

(a) the number of sick and weak units (large and medium scale) as on 31st March, 1996, in the IRBI portfolio;

(b) the outstanding amount involved;

(c) the number of workers involved; and

(d) whether the recently converted Industrial Investment Bank of India (II BI) would take over the rehabilitation jobs of the above portfolio of sick units from IRBI?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) to (d) A Statement is laid on the Table of the House.

Statement

(a) to (c) The total number of sick and weak industrial companies in the Industrial Reconstruction Bank of India (IRBI) portfolio as on 31.03.1996 was 368. The outstanding amount against these companies as on that date was Rs. 452.11 crore. The details of the number of workers in these companies are not maintained by IRBI.

(d) The proposed new company Industrial Investment Bank of India

†The Question was actually asked on the floor of the House by Shri Nilotapal Basu.